

<b>NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN</b>		<b>No. 00-207</b>
<b>TO:</b>	All Public and Private Agencies Participating in the Child and Adult Care Food Program	<b>ISSUE DATE:</b> November 2000
<b>ATTENTION:</b>	Agency Directors	
<b>SUBJECT:</b>	Miscellaneous Policy Clarifications	
<b>REFERENCE:</b>	United States Department of Agriculture APB: CAC-00-05	

This Management Bulletin transmits information from the United States Department of Agriculture (USDA) regarding center claiming methods, offsets of overclaims, participation in multiple nutrition programs, center budgets, and IRS tax levies under the requirements of the Child and Adult Care Food Program (CACFP).

#### Claiming Methods for Child Care Centers

CACFP regulations specify that eligibility information must be collected for a child care center's enrolled children. The collection of the information varies according to the center's claiming method.

If a center claims meal reimbursement according to the **actual count claiming method**, the meal counts must be based upon eligibility applications that are current and complete for each claiming month. That is, a center classifies its children as eligible for either free, reduced price, or paid reimbursement and reports the daily meals served to those children on a monthly reimbursement claim.

If a center claims meal reimbursement according to the **total count, fixed-claiming percentage method**, the center's free, reduced price, and paid meal reimbursement is based upon claiming percentages established during a selected study month. That is, a center selects a certain month, usually the beginning of the program year in October, and collects current and complete eligibility applications for the children enrolled during that month. Upon review of the applications, the center classifies the children as eligible for free, reduced price, or paid meals. In turn, the numbers of free, reduced price, and paid children are matched against the center's total enrollment to derive the eligibility claiming percentages. The percentages established during that month may then be applied to the total meals served during each subsequent month of the program year.

#### Offsetting Overclaims for Reimbursement

To recover a sponsor's overclaim, a state agency may offset the debt against future reimbursements. In the case of day care home agencies (which receive administrative and meal reimbursements), the offset process must follow a prescribed pattern. Accordingly, **meal overclaims must be offset against meal reimbursements** and **administrative overclaims must be offset against administrative reimbursements**. Without exception, meal overclaims must never be offset against administrative reimbursement, nor must administrative overclaims ever be offset against meal reimbursement.

### Participation in Multiple Child Nutrition Programs

Children may participate simultaneously in more than one USDA child nutrition program, with the following exceptions:

- ?? Children may not participate in both the Food Distribution Program on Indian Reservations and the Food Stamp Program, and
- ?? Children may not participate in both the Special Supplemental Food Program for Women, Infants, and Children and the Commodity Supplemental Food Program.

### Institution Budget Requirements

For a number of years, the California Department of Education did not require that center agencies submit an annual program budget. However, 7 CFR 226.6(f)(3) requires that "Each state agency shall annually require each institution to submit an administrative budget." We have recently obtained clarification that the term "institution" includes center agencies. Thus, beginning with the 2000-01 CACFP renewal, centers are required to submit annual budgets.

### IRS Tax Levies on Provider Payments

Recently, day care home sponsors have received demands from the Internal Revenue Service (IRS) and state tax boards to levy (tax) the payments made to providers. Provider payments include CACFP reimbursement. Since meal reimbursement is considered earned income, USDA advises sponsors to comply with these levy requests. If sponsors have questions regarding the requests, they may contact the IRS or the appropriate state tax agency for clarification.

If you have any questions, please contact John Copley, Program Analyst, Nutrition Program Management Unit, at (916) 323-6631, (800) 952-5609, or [jcopley@cde.ca.gov](mailto:jcopley@cde.ca.gov).

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